

SUMMARY OF NO. 13-31

This proposed law would regulate the annual operating margins and financial asset disclosures of certain health-care facilities, including Massachusetts hospitals, that accept funds from the state, but not including rehabilitation or long-term care facilities.

The proposed law would impose a civil penalty on a hospital or other covered facility whose patient mix is less than 60 percent government payer for any fiscal year in which its operating margin, including amortization and depreciation, is over 8 percent. The penalty would equal the amount by which the operating margin exceeds 8 percent.

Any such penalties would be placed in a new state Medicaid Reimbursement Enhancement Fund established by the proposed law. Subject to appropriation by the state Legislature, amounts in the fund would be used to improve Medicaid reimbursement to eligible hospitals.

The proposed law also would require hospitals and other covered facilities to disclose all of their financial assets, including those held or invested outside the United States, to the state Center for Health Information and Analysis. Unless prohibited by other law, the Center would have to make this information public within seven days.

The proposed law would require the state Health Policy

Commission to issue regulations governing the proposed law's operation and enforcement. The proposed law would take effect on July 1, 2015, but would not override any contract or agreement in effect on that date. The proposed law states that if any of its parts were declared invalid, the other parts would stay in effect.